

**Draft Minutes of Second Injury Fund Advisory Board
Tuesday, December 6, 2016 Meeting
Final Version of these minutes will be posted after approval by
The Advisory Board at the next meeting to be held June 2017**

**Office of the Treasurer
Second Injury Fund
Advisory Board
December 6, 2016**

Present: Clifford G. Leach, The Hartford Financial Services Group, Inc.
Eric Gjede, Connecticut Business and Industry Association;
Anna Matthews, Eversource Energy
Lori Pelletier, Connecticut AFL-CIO

For the Fund: Maria M. Greenslade, Assistant Deputy Treasurer
Hank Gaffney, Claims Manager
Gloria G. Williams, Controller
Deborah D'Agostino
Lisa Lorenzetti – (representing Amber Bassett, Executive Secretary)

Meeting was called to order at 11:30 and was held by teleconference.

1. **Welcome/Roll Call:** Ms. Greenslade introduced herself, along with the members who were present, also mentioning the members who were unable to attend. Ms. Greenslade introduced Anna Matthews who is now representing Eversource.
2. **Adoption of Minutes:** Ms. Pelletier invited adoption of the June 2016 meeting minutes which were included in the Agenda packet. Mr. Leach moved to adopt the minutes, Mr. Gjede seconded the motion. There was no discussion and the minutes were unanimously adopted.
3. **Update on Operation of the Fund:** Ms. Greenslade asked Ms. Williams to present an update on the Financial Operation of the Fund. Ms. Williams stated in summary the Fund's financial statements, for the fiscal year ending June 30, 2016 Financial Statements were published December 2016. Total Operating Revenues were \$40 million, \$600,000 lower than the prior year with no significant swing in any of the components that make up the operating revenues. Ms. Williams stated the Total Operating Expenses of \$35 million, which were almost \$1.6 million lower than the prior year with Indemnity and Medical Claims reporting lower amounts for this fiscal year. Settlements were slightly higher this year (\$74,000) with Administrative Expenses higher this year (\$313,000) due to an increase in Benefits expenses partially offset by a decrease in consultant expenses due to the completion of the new computer upgrade.

Ms. Williams continued by saying the Change in Net Position, which is the difference between revenue and expenses, for Fiscal Year 2016, was approximately \$5.8 million – with revenues exceeding expenses. This represents an almost \$1 million increase over last year's performance.

For the current Fiscal Year, during the first 4 months Revenues of \$8.4 million are below last year by \$3 million due to an Audit Reimbursement (\$2.8 million paid to Ace Insurance in October) and Operating Expenses of \$11.1 million which include Benefits Paid (Settlements, Indemnity and Medical costs) and Administrative Expenses are \$250,000 higher than FY16 actuals. The main components of the overage are Settlements (\$389,000) and Medical (\$271,000) partially offset by lower Indemnity costs (\$359,000).

The current year 4 month result is a Change in Net Position of a negative (\$2.7 million) compared to FY16 which showed a positive \$312,000 position after the first 4 months. This is a reflection of the Audit Reimbursement to Ace. Net of this reimbursement, the Fund is in line with the prior first year for the first 4 months of the fiscal year. There were no questions regarding the financial operation of the Fund.

Ms. Greenslade gave a brief synopsis of the Ace Insurance Company reimbursement. After consultations with the Office of the Attorney General regarding this matter, it was determined that settlement was in the best interest of the Fund.

There were no questions regarding the financial operation of the Fund.

Ms. Greenslade asked Mr. Gaffney to update the Board on the Claims Unit. Mr. Gaffney reported the claims unit combined payout for fiscal year ending June 30, 2016 was \$26.5 million. He indicated that claims unit payout over the first three months of current fiscal year is tracking closely to that of prior fiscal year, and expects the payout at current fiscal year-end (June 30, 2017) to also be in the area of \$27 million.

Mr. Gaffney reported the continued gradual reduction in the Fund's estimates over the past year to its current level of \$352 million. He also reported an estimated 600 new claims would be reported to the Fund this year, with about 80% being the concurrent employment reimbursement claims and the remaining 20% being the uninsured employer claims. There were no questions regarding the Claims Unit of the Fund.

Ms. Pelletier called for a motion to approve the reports on the financial operations of the fund and the claims unit update. Mr. Leach moved to accept the reports, Mr. Gjedde seconded the motion. There was no discussion and the reports were approved.

4. **Legislative Update:** Ms. Greenslade indicated the fund did not plan to propose new legislation in 2017, however, the fund will closely monitor the upcoming session for bills that may impact the fund

5. Other Business:

- a. **Review of Board Protocol** – Ms. Greenslade included with the agenda Advisory Board protocols which were previously adopted in 2011. Board members were asked to review and submit changes, if any. No changes were received. Ms. Pelletier asked for a motion to re-adopt the Advisory Board Protocols. Mr. Leach made the motion Mr. Gjede seconded. The motion for re-adoption was unanimous.
- b. **Annual Report** – Ms. Greenslade stated the Annual Report was included with the agenda for the Board to review, since the report was submitted on July 1st, 2016.
- c. Ms. Greenslade announced the potential dates for the upcoming meetings, which must be submitted with the Office of the Secretary of the State before January 31, 2017. The meeting dates for 2017 will be June 14, 2017 and October 18, 2017.
- d. Ms. Greenslade reminded Board members that the Fund will begin to work on the assessment rate beginning in January 2017. Any change to the rate may prompt a special meeting of the Advisory Board.

Ms. Pelletier asked members if there was any further business. Ms. Pelletier concluded by asking for a motion to adjourn the meeting. Mr. Leach moved to adjourn the meeting, Ms. Matthews seconded the motion. Motion passed unanimously.

Meeting adjourned at 11:50 AM.